

June 20, 2012

CBO: \$845 Billion Deficit Through First Eight Months of FY 2012

According to CBO, the federal government has run up a \$845 billion deficit in the first half of fiscal year 2012. This is higher than any annual deficit prior to FY 2009. To date, the federal government has spent **\$2.409 trillion** this fiscal year. Another way to put federal spending in perspective is, even with four months left in the fiscal year, the federal government has already spent more than any year prior to FY 2005. The federal government has collected **\$1.563 trillion** in taxes, which is up 5.3% so far this year compared to last year.

If the final deficit for FY 2012 exceeds \$1 trillion, as it is on track to do, this will be the fourth year in a row the deficit has exceeded this figure. Spending is also on track to exceed \$3 trillion, and this will also mark the fourth year in a row that this barrier has been broken (it never happened prior to FY 2009 in all of American history). 35.1% of all spending so far this year has come from borrowed money.

Is the House's Revenue Origination Power a Hyper-Technicality?

Last month, the Senate passed its version of the Violence Against Women Act. The legislation included a revenue provision—higher fees on certain immigration visas. Consequently, the House exercised its responsibility to blue slip the legislation for violating the constitutional requirement that legislation containing revenue provisions originate in the House. Based on the House action, Harry Reid said the following: *"Their excuse — a hyper-technical budget issue called a blue slip — isn't much of a fig leaf to hide their blatant obstruction."*

The Constitution grants the Senate some powers not granted to the House such as the power to approve or reject treaties and the power of "advice and consent" over presidential nominations. One important power reserved to the House is the power to originate revenue bills. At the Constitutional Convention, Delegate John Dickinson made an argument in favor of this constitutional provision based on the experience of state constitutions as well as the English Constitution. He stated: *"Reason may mislead us. It was not reason that discovered the singular and admirable mechanism of the English Constitution. It was not reason that discovered or ever could have discovered the odd... mode of trial by jury. Accidents probably produced these discoveries, and experience has given sanction to them. This then is our guide."*

Quote of the Week: "If government's purpose isn't to improve the health and longevity of its citizens, I don't know what its purpose is."

-Mayor Michael Bloomberg, on government regulation of food purchases.

This argument persuaded George Washington, which led the important Virginia delegation to switch to being in favor of this provision. The Constitution states in Article 1, Section 7: *"All bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills."*

During the debate over ratification, The Federalist 58 explained the importance of this constitutional provision: *"The House of Representatives cannot only refuse, but they alone can propose, the supplies requisite for the support of government. They, in a word, hold the purse that powerful instrument by which we behold, in the history of the British Constitution, an infant and bumble representation of the people gradually enlarging the sphere of its activity and importance, and finally reducing, as far as it seems to have wished, all the overgrown prerogatives of the other branches of the government. This power over the purse may, in fact, be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people, for obtaining a redress of every grievance, and for carrying into effect every just and salutary measure."*

State Pension Shortfall Reaches \$757 Billion

According to the [Pew Center on the States](#), 34 states do not have assets in pension plans equal to at least **80%** of long-term pension obligations. Connecticut, Illinois, Kentucky, and Rhode Island do not have **55%** of the needed assets. Pension shortfalls for 2010, the most recent year available, totaled **\$757 billion**. The health retiree benefits shortfalls amount to another **\$627 billion**. Representative Jason Chaffetz (R-UT) has introduced HRes 23, expressing the sense of the House that federal taxpayers will not bail out state and local government pension plans.

NATIONAL REVIEW ONLINE

Is the Constitution A Republican Plot?

By Michael G Franc

It's one of the clearest, easiest-to-understand provisions in the Constitution. And Harry Reid's Senate flouts it routinely.

The Origination Clause in Article I, Section 7 states: "All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills." In addition to clarity, this provision has an even greater virtue: It serves a very good purpose.

The Founding Fathers required revenue measures to originate in the House because they wanted this authority to belong to the legislative body closest to the people. Plus, the Framers wanted the larger states to enjoy the most influence on matters of taxing and spending, which is the case in the House (whose seats are allocated according to population) but not the Senate (where each state gets two seats regardless of population and smaller states have outsized influence). "This power over the purse," James Madison explained in *Federalist* No. 58, "may, in fact be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people."

Senate Majority Leader Harry Reid (D., Nev.) has taken to thumbing his nose at this clear mandate. Recently, he publicly dismissed the Origination Clause as a "hyper-technical budget issue," raised by his Republican opponents as "a fig leaf to hide their blatant obstruction." The matter arose as Reid orchestrated a high-profile Senate floor debate on the Paying a Fair Share Act of 2012, prior to House consideration of this or any other revenue bill. Also known as the "Buffett Rule," the Senate measure would impose a hefty new tax on millionaires.

Aware that the Republican House would no more propose new, economically debilitating taxes than Warren Buffett would voluntarily follow the rule that bears his name, Reid opted to move unilaterally. Why let a little thing like the Constitution stand in the way of making sure a red-meat, eat-the-rich proposal like this gets maximum media exposure during an election year?

It does not stop there. In its version of the legislation extending federal price controls on student loans, the Senate included a hefty tax increase — again absent the requisite House action. Then there is the Violence against Women Act, which contains a new \$30 fee for immigrant visas, another Senate revenue provision that violates the Origination Clause. When House leaders uncovered this constitutional infirmity, they quickly issued a "blue slip" notification, effectively killing it.

Remarkably, as *Congressional Quarterly* reported, the House move "blindsided" the many constitutional illiterates in the Senate. One unnamed Senate staffer even speculated that the House's fealty to the Constitution "may be part of some Republican plan." This is all in keeping with how the leftist intelligentsia has viewed previous efforts to ignore the Origination Clause. The *New York Times* characterized one such mishap as an "arcane parliamentary mistake" the enforcement of which was designed "to block . . . everything else Mr. Reid is hoping to accomplish," while *The Washington Monthly* termed it "a Democratic procedural slip-up." As Elizabeth Price Foley, a professor at Florida International University's School of Law and author of the excellent new intellectual history of the tea-party movement (*The Tea Party: Three Principles*), puts it: "Nowhere in these statements is there recognition that the holdup was constitutional rather than political."

There is a constitutionally permissible way for the Senate to make its voice heard on revenue measures. Under widely accepted precedent, the Senate could take up House-passed tax bills, amend them, and then send the amended legislation back to the House for further consideration.

In her book, Foley lists fealty to the original meaning of the Constitution — originalism — as one of the three principles that animate the tea-party movement. Little wonder. Liberal Senate leaders, it seems, are determined to do what they want when they want to do it, Constitution or no Constitution. Even unambiguous constitutional requirements such as the Origination Clause are seen, as Foley puts it, as outdated nuisances that have no business standing in the way of today's politically inspired "messaging" opportunities.

One of the chief operational principles of the current Senate seems to be, to paraphrase that famous line from *Treasure of the Sierra Madre*: "Constitution? We don't need no stinking Constitution!" That's one more reason why the tea-party movement remains politically relevant more than three years after its birth.

